

SENATE BILL No. 66

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-10.2; IC 5-10.3.

Synopsis: PERF vesting period. Reduces from ten to eight the number of years of creditable service a member of the public employees' retirement fund (PERF) must earn to obtain vested status.

Effective: July 1, 2009.

Young R Michael

January 7, 2009, read first time and referred to Committee on Pensions and Labor.

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First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

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SENATE BILL No. 66



A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-10.2-1-8, AS AMENDED BY P.L.115-2008,
2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2009]: Sec. 8. (a) ~~Except as provided in subsection (b);~~ **For**
4 **a member of:**

- 5 (1) **the Indiana state teachers' retirement fund; or**
- 6 (2) **the public employees' retirement fund who retires before**
7 **January 1, 2010;**

8 "vested status" as used in this article means the status of having ten
9 (10) years of creditable service.

10 (b) **For a member of the public employees' retirement fund who**
11 **retires after December 31, 2009, "vested status" as used in this**
12 **article means the status of having at least eight (8) years of**
13 **creditable service.**

14 ~~(b)~~ (c) In the case of a person who is an elected county official
15 whose governing body has provided for the county official's
16 participation in the public employees' retirement fund under
17 IC 5-10.3-7-2(1), "vested status" means the status of: ~~having:~~



1 (1) **having** at least eight (8) years of creditable service as an
 2 elected county official in an office described in IC 5-10.2-4-1.7;
 3 (2) **having** been elected at least two (2) times if the person would
 4 have had at least eight (8) years of creditable service as an elected
 5 county official in an office described in IC 5-10.2-4-1.7 had the
 6 person's term of office not been shortened under a statute enacted
 7 under Article 6, Section 2(b) of the Constitution of the State of
 8 Indiana; or

9 (3) **having:**
 10 (A) **before January 1, 2010**, at least ten (10) years of
 11 creditable service; or
 12 (B) **after December 31, 2009, at least eight (8) years of**
 13 **creditable service;**

14 as a member of the fund based on a combination of service as an
 15 elected county official and as a full-time employee in a covered
 16 position.

17 ~~(c)~~ (d) In the case of a person whose term of office commences after
 18 the election on November 5, 2002, as auditor of state, secretary of state,
 19 or treasurer of state, and who is prohibited by Article 6, Section 1 of the
 20 Constitution of the State of Indiana from serving in that office for more
 21 than eight (8) years during any period of twelve (12) years, that person
 22 shall be vested with at least eight (8) years of creditable service as a
 23 member of the fund.

24 ~~(d)~~ (e) This subsection applies to an individual elected to the office
 25 of treasurer of state at the election on November 7, 2006. The
 26 individual is vested for purposes of this article if the individual is
 27 reelected as treasurer of state at the 2010 general election and serves
 28 in the office until January 1, 2015.

29 SECTION 2. IC 5-10.2-3-1.2, AS AMENDED BY P.L.115-2008,
 30 SECTION 6, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 31 JULY 1, 2009]: Sec. 1.2. (a) A member who: ~~has earned at least:~~

32 (1) **before January 1, 2010, has earned at least** ten (10) years
 33 of service in a position covered by PERF, TRF, or a combination
 34 of the two (2) funds; or

35 (2) **after December 31, 2009, has earned:**
 36 (A) **at least eight (8) years of service in a position covered**
 37 **by PERF; or**

38 (B) **at least ten (10) years of service in:**
 39 (i) **a position covered by TRF; or**
 40 (ii) **a combination of one (1) or more positions covered by**
 41 **PERF and one (1) or more positions covered by TRF;**

42 may purchase one (1) year of service credit for each five (5) years of

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1 service that the member has completed in a position covered by PERF
2 or TRF.

3 (b) Before a member retires, a member who desires to purchase
4 additional service credit under subsection (a) must contribute to the
5 fund as follows:

6 (1) Contributions that are equal to the product of the following:

7 (A) The member's salary at the time the member actually
8 makes a contribution for the service credit.

9 (B) A rate, determined by the actuary for the fund, that is
10 based on the age of the member at the time the member
11 actually makes a contribution for the service credit and
12 computed to result in a contribution amount that approximates
13 the actuarial present value of the benefit attributable to the
14 service credit purchased.

15 (C) The number of years of service credit the member intends
16 to purchase.

17 (2) Contributions for any accrued interest, at a rate determined by
18 the actuary for the fund, for the period from the member's initial
19 membership in the fund to the date payment is made by the
20 member.

21 (c) The following apply to the purchase of service credit under this
22 section:

23 (1) The board may allow a member to make periodic payments of
24 the contributions required for the purchase of service credit. The
25 board shall determine the length of the period during which the
26 payments must be made.

27 (2) The board may deny an application for the purchase of service
28 credit if the purchase would exceed the limitations under Section
29 415 of the Internal Revenue Code.

30 (3) A member may not claim the service credit for the purpose of
31 computing benefits unless the member has made all payments
32 required for the purchase of the service credit.

33 (4) To the extent permitted by the Internal Revenue Code and
34 applicable regulations, a member may purchase service credit
35 under this section by a rollover distribution to the fund from any
36 of the following:

37 (A) A qualified plan described in Section 401(a) or Section
38 403(a) of the Internal Revenue Code.

39 (B) An annuity contract or account described in Section 403(b)
40 of the Internal Revenue Code.

41 (C) An eligible plan that is maintained by a state, a political
42 subdivision of a state, or an agency or instrumentality of a state

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1 or political subdivision of a state under Section 457(b) of the
2 Internal Revenue Code.

3 (D) An individual retirement account or annuity described in
4 Section 408(a) or Section 408(b) of the Internal Revenue
5 Code.

6 (d) A member who terminates employment before satisfying the
7 eligibility requirements necessary to receive a monthly benefit may
8 withdraw the purchase amount, plus accumulated interest, after
9 submitting a properly completed application for a refund to the fund.
10 However, the member must also apply for a refund of the member's
11 entire annuity savings account under section 6 or 6.5 of this chapter to
12 be eligible for a refund of the member's rollover amount.

13 (e) For a member who is a state employee, the employer may pay all
14 or a part of the member contributions required for the purchase of
15 service credit under this section. In that event, the actuary shall
16 determine the amortization, and subsections (c)(1), (c)(3), (c)(4), and
17 (d) do not apply.

18 (f) For a member who is an employee of a participating political
19 subdivision, the employer may adopt an ordinance to pay all or a part
20 of the member contributions required for the purchase of service credit
21 under this section. In that event, the actuary shall determine the
22 amortization, and subsections (c)(1), (c)(3), (c)(4), and (d) do not
23 apply.

24 SECTION 3. IC 5-10.2-4-1 IS AMENDED TO READ AS
25 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 1. (a) This subsection
26 applies to:

- 27 (1) members of the public employees' retirement fund who retire
28 before July 1, 1995; and
29 (2) members of the Indiana state teachers' retirement fund who
30 retire before May 2, 1989.

31 A member who has reached age sixty-five (65) and has at least ten (10)
32 years of creditable service is eligible for normal retirement.

33 (b) This subsection applies to members of the Indiana state teachers'
34 retirement fund who retire after May 1, 1989, and to members of the
35 public employees' retirement fund who retire after June 30, 1995, **and**
36 **before January 1, 2010**, except as provided in section 1.7 of this
37 chapter. A member is eligible for normal retirement if:

- 38 (1) the member is at least sixty-five (65) years of age and has at
39 least ten (10) years of creditable service;
40 (2) the member is at least sixty (60) years of age and has at least
41 fifteen (15) years of creditable service; or
42 (3) the member's age in years plus the member's years of service

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1 is at least eighty-five (85) and the member is at least fifty-five
2 (55) years of age.

3 **(c) This subsection applies to a member of the public employees'**
4 **retirement fund who retires after December 31, 2009. A member**
5 **is eligible for normal retirement if:**

6 (1) the member is at least sixty-five (65) years of age and has
7 at least eight (8) years of creditable service;

8 (2) the member is at least sixty (60) years of age and has at
9 least fifteen (15) years of creditable service; or

10 (3) the member's age in years plus the member's years of
11 service is at least eighty-five (85) and the member is at least
12 fifty-five (55) years of age.

13 ~~(c)~~ (d) A member who has reached age fifty (50) and has at least
14 fifteen (15) years of creditable service is eligible for early retirement
15 with a reduced pension.

16 ~~(d)~~ (e) A member who is eligible for normal or early retirement is
17 entitled to choose a retirement date on which the member's benefit
18 begins if the following conditions are met:

19 (1) The application for retirement benefits and the choice of the
20 date is filed on a form provided by the board.

21 (2) The date must be after the cessation of the member's service
22 and be the first day of a month.

23 (3) The retirement date is not more than six (6) months before the
24 date the application is received by the board. However, if the
25 board determines that a member is incompetent to file for benefits
26 and choose a retirement date, the retirement date may be any date
27 that is the first of the month after the time the member became
28 incompetent.

29 SECTION 4. IC 5-10.2-4-1.7, AS AMENDED BY P.L.88-2005,
30 SECTION 2, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
31 JULY 1, 2009]: Sec. 1.7. (a) This section applies only to members of
32 the public employees' retirement fund who retire after June 30, 2002.

33 (b) A member is eligible for normal retirement after becoming
34 sixty-five (65) years of age if the member:

35 (1) has:

36 (A) served as an elected county official in an office described
37 in Article 6, Section 2 of the Constitution of the State of
38 Indiana for at least eight (8) years; or

39 (B) been elected at least two (2) times and would have served
40 at least eight (8) years as an elected county official in an office
41 described in Article 6, Section 2 of the Constitution of the
42 State of Indiana had the member's term of office not been

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1 shortened under a statute enacted under Article 6, Section 2(b)
2 of the Constitution of the State of Indiana; and
3 (2) is prohibited by Article 6, Section 2 of the Constitution of the
4 State of Indiana from serving in that office for more than eight (8)
5 years in any period of twelve (12) years.

6 (c) A member who:
7 (1) has served as an elected county official; and
8 (2) does not meet the requirements of subsection (b);
9 is eligible for normal retirement if the member has attained vested
10 status (as defined in ~~IC 5-10.2-1-8(b)(3)~~ **IC 5-10.2-1-8(c)(3)**) and
11 meets the requirements of section 1 of this chapter.

12 SECTION 5. IC 5-10.2-4-1.9, AS ADDED BY P.L.115-2008,
13 SECTION 10, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
14 JULY 1, 2009]: Sec. 1.9. (a) This section applies only to a member of
15 the public employees' retirement fund:

16 (1) who has served as a state officer listed in Article 6, Section 1
17 of the Constitution of the State of Indiana; and
18 (2) whose term of office as a state officer commenced after the
19 election held on November 5, 2002.

20 (b) A member is eligible for normal retirement after becoming
21 sixty-five (65) years of age if the member:

22 (1) has:
23 (A) served as a state officer listed in Article 6, Section 1 of the
24 Constitution of the State of Indiana for at least eight (8) years;
25 or
26 (B) been elected at least two (2) times and would have served
27 at least eight (8) years as a state officer listed in Article 6,
28 Section 1 of the Constitution of the State of Indiana had the
29 member's term of office not been shortened under a statute
30 enacted to establish uniform dates for beginning the terms of
31 state officers listed in Article 6, Section 1 of the Constitution
32 of the State of Indiana; and

33 (2) is prohibited by Article 6, Section 1 of the Constitution of the
34 State of Indiana from serving in that office for more than eight (8)
35 years in any period of twelve (12) years.

36 (c) A member who:
37 (1) has served as a state officer listed in Article 6, Section 1 of the
38 Constitution of the State of Indiana; and
39 (2) does not meet the requirements of subsection (b);
40 is eligible for normal retirement if the member has attained vested
41 status (as defined in ~~IC 5-10.2-1-8(a)~~ **IC 5-10.2-1-8**) and meets the
42 requirements of section 1 of this chapter.

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1 SECTION 6. IC 5-10.3-3-1, AS AMENDED BY P.L.62-2005,
 2 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 3 JULY 1, 2009]: Sec. 1. (a) The board is composed of six (6) trustees.

4 (b) Five (5) of the trustees shall be appointed by the governor, as
 5 follows:

6 (1) One (1) must be a member of the fund with:

7 (A) **before January 1, 2010**, at least ten (10) years of
 8 creditable service; **or**

9 (B) **after December 31, 2009, at least eight (8) years of**
 10 **creditable service.**

11 (2) Not more than three (3) may be members of the same political
 12 party.

13 (3) One (1) must be:

14 (A) a:

15 (i) member of the fund or retired member of the fund; or

16 (ii) member of a collective bargaining unit of state
 17 employees represented by a labor organization; or

18 (B) an individual who is:

19 (i) an officer or a member of a local, a national, or an
 20 international labor union that represents state or university
 21 employees; and

22 (ii) an Indiana resident.

23 (c) The director of the budget agency or the director's designee is an
 24 ex officio voting member of the board. An individual appointed under
 25 this subsection to serve as the director's designee:

26 (1) is subject to the provisions of section 3 of this chapter; and

27 (2) serves as a permanent designee until replaced by the director.

28 (d) The governor shall fill by appointment vacancies on the board
 29 in the manner described in subsection (b).

30 (e) In making the appointments under subsection (b)(1) or (b)(2),
 31 the governor may consider whether at least one (1) trustee is a retired
 32 member of the fund under subsection (b)(3)(A)(i).

33 SECTION 7. IC 5-10.3-6-8 IS AMENDED TO READ AS
 34 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8. (a) As used in this
 35 section, "withdrawing political subdivision" means a political
 36 subdivision that takes an action described in subsection (b).

37 (b) Subject to the provisions of this section, a political subdivision
 38 may do the following:

39 (1) Stop its participation in the fund and withdraw all of the
 40 political subdivision's employees from participation in the fund.

41 (2) Withdraw a departmental, an occupational, or other definable
 42 classification of employees from participation in the fund.

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- 1 (3) Stop the political subdivision's participation in the fund by:
- 2 (A) selling all of the political subdivision's assets; or
- 3 (B) ceasing to exist as a political subdivision.
- 4 (c) The withdrawal of a political subdivision's participation in the
- 5 fund is effective on a termination date established by the board. The
- 6 termination date may not occur before all of the following have
- 7 occurred:
- 8 (1) The withdrawing political subdivision has provided written
- 9 notice of the following to the board:
- 10 (A) The withdrawing political subdivision's intent to cease
- 11 participation.
- 12 (B) The names of the withdrawing political subdivision's
- 13 current employees and former employees as of the date on
- 14 which the notice is provided.
- 15 (2) The expiration of:
- 16 (A) a ninety (90) day period following the filing of the notice
- 17 with the board, for a withdrawing political subdivision that
- 18 sells all of the withdrawing political subdivision's assets or that
- 19 ceases to exist as a political subdivision; or
- 20 (B) a two (2) year period following the filing of the notice with
- 21 the board, for all other withdrawing political subdivisions.
- 22 (3) The withdrawing political subdivision takes all actions
- 23 required in subsections (d) through (h).
- 24 (d) With respect to retired members who have creditable service
- 25 with the withdrawing political subdivision, the withdrawing political
- 26 subdivision must contribute to the fund any additional amounts that the
- 27 board determines are necessary to provide for reserves with sufficient
- 28 assets to pay all future benefits from the fund to those retired members.
- 29 The contribution by the withdrawing political subdivision must be
- 30 made in a lump sum or in a series of payments determined by the
- 31 board.
- 32 (e) A member who is an employee of the political subdivision as of
- 33 the date of the notice under subsection (c) is vested in the pension
- 34 portion of the member's retirement benefit. The withdrawing political
- 35 subdivision must contribute to the fund the amount the board
- 36 determines is necessary to fund fully the vested benefit. The
- 37 contribution by the withdrawing political subdivision must be made in
- 38 a lump sum or in a series of payments determined by the board.
- 39 (f) A member who is covered by subsection (e) and who is at least
- 40 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even
- 41 if the member has:
- 42 (1) **before January 1, 2010**, fewer than ten (10) years of service;

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1 **or**
2 **(2) after December 31, 2009, fewer than eight (8) years of**
3 **service.**

4 The benefit for the member shall be computed under IC 5-10.2-4-4
5 using the member's actual years of service.

6 (g) With respect to members of the fund who have creditable service
7 with the withdrawing political subdivision and who are not employees
8 as of the date of the notice under subsection (c), the withdrawing
9 political subdivision must contribute the amount that the board
10 determines is necessary to fund fully the service for those members that
11 is attributable to service with the withdrawing political subdivision.
12 The contribution by the withdrawing political subdivision must be
13 made in a lump sum or in a series of payments determined by the
14 board.

15 (h) The board shall evaluate each withdrawal under this section to
16 determine if the withdrawal affects the fund's compliance with Section
17 401(a)(4) of the Internal Revenue Code of 1954, as in effect on
18 September 1, 1974. The board may deny a political subdivision
19 permission to withdraw if the denial is necessary to achieve compliance
20 with Section 401(a)(4) of the Internal Revenue Code of 1954, as in
21 effect on September 1, 1974.

22 SECTION 8. IC 5-10.3-6-8.5 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 8.5. (a) This section
24 only applies if:

25 (1) certain employees of a state university in a departmental,
26 occupational, or other definable classification involved in health
27 care are terminated from employment with the state university as
28 a result of:

29 (A) a lease or other transfer of university property to a
30 nongovernmental entity; or

31 (B) a contractual arrangement with a nongovernmental entity
32 to perform certain state university functions;

33 (2) the state university requests coverage under this section from
34 the board; and

35 (3) the board approves the request.

36 (b) The withdrawal of the employees described in subsection (a)
37 from the fund is effective on a termination date established by the
38 board. The board may not establish a termination date that occurs
39 before all of the following have occurred:

40 (1) The state university has requested coverage under this section
41 and provided written notice of the following to the board:

42 (A) The intent of the state university to terminate the

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1 employees from employment.
 2 (B) The names of the terminated employees as of the date that
 3 the termination is to occur.
 4 (2) The expiration of a thirty (30) day period following the filing
 5 of the notice with the board.
 6 (3) The state university fully complies with subsection (c).
 7 (c) A member who is an employee of the state university described
 8 in subsection (a) as of the date of the notice under subsection (b) and
 9 who is listed in the notice under subsection (b) is vested in the pension
 10 portion of the member's retirement benefit. The state university must
 11 contribute to the fund the amount the board determines is necessary to
 12 completely fund the vested benefit. The contribution by the state
 13 university must be made in a lump sum or in a series of payments
 14 determined by the board.
 15 (d) A member who is covered by subsection (c) and who is at least
 16 sixty-five (65) years of age may elect to retire under IC 5-10.2-4-1 even
 17 if the member has:
 18 (1) **before January 1, 2010**, less than ten (10) years of service;
 19 **or**
 20 (2) **after December 31, 2009, less than eight (8) years of**
 21 **service.**
 22 The benefit for the member shall be computed under IC 5-10.2-4-4
 23 using the member's actual years of creditable service.
 24 (e) The board shall evaluate each withdrawal under this section to
 25 determine if the withdrawal affects the fund's compliance with Section
 26 401(a) of the Internal Revenue Code of 1954, as in effect on September
 27 1, 1974. The board may deny an employee permission to withdraw if
 28 the denial is necessary to achieve compliance with Section 401(a) of
 29 the Internal Revenue Code of 1954, as in effect on September 1, 1974.
 30 SECTION 9. IC 5-10.3-6-8.9, AS ADDED BY P.L.158-2006,
 31 SECTION 3, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 32 JULY 1, 2009]: Sec. 8.9. (a) This section applies when certain
 33 employees of the state in particular departmental, occupational, or
 34 other definable classifications are terminated from employment with
 35 the state as a result of:
 36 (1) a lease or other transfer of state property to a nongovernmental
 37 entity; or
 38 (2) a contractual arrangement with a nongovernmental entity to
 39 perform certain state functions.
 40 (b) The governor shall request coverage under this section from the
 41 board whenever an employee of the state is terminated as described in
 42 subsection (a).

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1 (c) The board must approve a request from the governor under
 2 subsection (b) unless approval violates subsection (k), federal or state
 3 law, or the terms of the fund.
 4 (d) As used in this section, "early retirement" means a member is
 5 eligible to retire with a reduced pension under IC 5-10.2-4-1, because
 6 the member:
 7 (1) is at least fifty (50) years of age; and
 8 (2) has at least fifteen (15) years of creditable service.
 9 (e) As used in this section, "normal retirement" means a member is
 10 eligible to retire under IC 5-10.2-4-1, because:
 11 (1) the member is at least sixty-five (65) years of age and has:
 12 (A) **before January 1, 2010**, at least ten (10) years of
 13 creditable service; **or**
 14 (B) **after December 31, 2009, at least eight (8) years of**
 15 **creditable service.**
 16 (2) the member is at least sixty (60) years of age and has at least
 17 fifteen (15) years of creditable service; or
 18 (3) the member's age in years plus the member's years of service
 19 is at least eighty-five (85) and the member is at least fifty-five
 20 (55) years of age.
 21 (f) The withdrawal of the employees described in subsection (a)
 22 from the fund is effective on a termination date established by the
 23 board. The board may not establish a termination date that occurs
 24 before all of the following have occurred:
 25 (1) The governor has requested coverage under this section and
 26 provided written notice of the following to the board:
 27 (A) The intent of the state to terminate the employees from
 28 employment.
 29 (B) The names of the terminated employees as of the date that
 30 the termination is to occur.
 31 (2) The expiration of a thirty (30) day period following the filing
 32 of the notice with the board.
 33 (3) The state complies with subsections (g) and (i).
 34 (g) A member who:
 35 (1) is an employee of the state described in subsection (a) with at
 36 least twenty-four (24) months of creditable service as of the date
 37 of the notice under subsection (f); and
 38 (2) is listed in the notice under subsection (f);
 39 is vested in the pension portion of the member's retirement benefit. The
 40 state must contribute to the fund the amount the board determines is
 41 necessary to completely fund the vested benefit. The contribution by
 42 the state must be made in a lump sum or in a series of payments

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1 determined by the board. The benefit for the member shall be
2 computed under IC 5-10.2-4-4 using the member's actual years of
3 creditable service.

4 (h) A member who is covered by subsection (g) and who is at least
5 sixty-five (65) years of age as of the date of the notice under subsection
6 (f) may elect to retire under IC 5-10.2-4-1 even if the member has:

- 7 (1) **before January 1, 2010**, less than ten (10) years of service;
- 8 **or**
- 9 (2) **after December 31, 2009, less then eight (8) years of**
- 10 **service.**

11 The benefit for the member shall be computed under IC 5-10.2-4-4
12 using the member's actual years of creditable service.

13 (i) A member who is covered by subsection (f) and who, as of the
14 date of the notice under subsection (f), is less than twenty-four (24)
15 months from being eligible for normal or early retirement under
16 IC 5-10.2-4-1 may elect to retire by purchasing the service credit
17 needed for retirement under the following conditions:

- 18 (1) The state shall contribute to the fund an amount determined
19 under IC 5-10.2-3-1.2 and payable from the sources described in
20 subsection (j) sufficient to pay the member's contributions
21 required for the member's purchase of the service credit the
22 member needs to retire.
- 23 (2) The maximum amount of creditable service that the state may
24 purchase for a member under this subsection is twenty-four (24)
25 months.
- 26 (3) The benefit for the member shall be computed under
27 IC 5-10.2-4-4 using the member's actual years of creditable
28 service plus all other service for which the fund gives credit,
29 including the creditable service purchased under this subsection.

30 (j) The amounts that the state is required to contribute to the fund
31 under subsection (i) must come from the following sources:

- 32 (1) If the state receives monetary payments under the lease or
33 contractual arrangement described in subsection (a), the proceeds
34 of the monetary payments received by the state. The state may not
35 require, as a condition of the transaction to transfer state property
36 or have certain state functions performed by a nongovernmental
37 entity, that the nongovernmental entity directly or indirectly pay
38 the amounts that the state is required to contribute under
39 subsection (i).
- 40 (2) If the state does not receive any monetary payments under the
41 lease or contractual arrangement described in subsection (a), any
42 remaining appropriations made to the state department, agency,

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1 or other entity terminating the employees described in subsection
 2 (a).
 3 (3) If the sources described in subdivisions (1) and (2) do not
 4 fully fund the amounts that the state is required to contribute to
 5 the fund under subsection (i), the board shall request that the
 6 general assembly appropriate the amount necessary to fully fund
 7 the state's required contribution under subsection (i) in the next
 8 biennial state budget.

9 (k) The board shall evaluate each withdrawal under this section to
 10 determine if the withdrawal affects the fund's compliance with Section
 11 401(a) of the Internal Revenue Code of 1954, as in effect on September
 12 1, 1974. The board may deny an employee permission to withdraw if
 13 the denial is necessary to achieve compliance with Section 401(a) of
 14 the Internal Revenue Code of 1954, as in effect on September 1, 1974.

15 SECTION 10. IC 5-10.3-7-4.5 IS AMENDED TO READ AS
 16 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.5. (a) As used in this
 17 section, "out-of-state service" means service in another state in a
 18 comparable position that would be creditable service if performed in
 19 Indiana.

20 (b) Subject to subsections (c) through (f), a member may purchase
 21 out-of-state service credit if the member meets the following
 22 requirements:

23 (1) The member has at least one (1) year of creditable service in
 24 the fund.

25 (2) Before the member retires, the member makes contributions
 26 to the fund as follows:

27 (A) Contributions that are equal to the product of the
 28 following:

29 (i) The member's salary at the time the member actually
 30 makes a contribution for the service credit.

31 (ii) A rate, determined by the actuary of the fund, based on
 32 the age of the member at the time the member actually
 33 makes a contribution for service credit and computed to
 34 result in a contribution amount that approximates the
 35 actuarial present value of the benefit attributable to the
 36 service credit purchased.

37 (iii) The number of years of out-of-state service the member
 38 intends to purchase.

39 (B) Contributions for any accrued interest, at a rate determined
 40 by the actuary for the fund, for the period from the member's
 41 initial membership in the fund to the date payment is made by
 42 the member.

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- 1 (3) The member has received verification from the fund that the
- 2 out-of-state service is, as of that date, valid.
- 3 (c) Out-of-state years that qualify a member for retirement in an
- 4 out-of-state system or in any federal retirement system may not be
- 5 granted under this section.
- 6 (d) At least:
- 7 (1) **before January 1, 2010, ten (10); or**
- 8 (2) **after December 31, 2009, eight (8);**
- 9 years of service in Indiana is required before a member may receive a
- 10 benefit based on out-of-state service credits.
- 11 (e) A member who:
- 12 (1) terminates employment before satisfying the eligibility
- 13 requirements necessary to receive a monthly allowance; or
- 14 (2) receives a monthly allowance for the same service from
- 15 another tax supported public employee retirement plan other than
- 16 under the Social Security Act;
- 17 may withdraw the purchase amount plus accumulated interest after
- 18 submitting a properly completed application for a refund to the fund.
- 19 (f) The following apply to the purchase of service credit under this
- 20 section:
- 21 (1) The board may allow a member to make periodic payments of
- 22 the contributions required for the purchase of the service credit.
- 23 The board shall determine the length of the period during which
- 24 the payments must be made.
- 25 (2) The board may deny an application for the purchase of service
- 26 credit if the purchase would exceed the limitations under Section
- 27 415 of the Internal Revenue Code.
- 28 (3) A member may not claim the service credit for purposes of
- 29 determining eligibility or computing benefits unless the member
- 30 has made all payments required for the purchase of the service
- 31 credit.
- 32 SECTION 11. IC 5-10.3-7-4.6 IS AMENDED TO READ AS
- 33 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 4.6. (a) Subject to the
- 34 provisions of this section, a member may purchase service credit for
- 35 the member's prior service in a position covered by the 1925 police
- 36 pension fund under IC 36-8-6, the 1937 firefighters' pension fund under
- 37 IC 36-8-7, or the 1953 police pension fund under IC 36-8-7.5 if the
- 38 member meets the following requirements:
- 39 (1) The member has at least one (1) year of credited service in the
- 40 fund.
- 41 (2) The member has not attained vested status in and is not an
- 42 active member of the 1925 police pension fund, the 1937

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firefighters' pension fund, or the 1953 police pension fund.

(3) Before the member retires, the member makes contributions to the fund as follows:

(A) Contributions that are equal to the product of the following:

- (i) The member's salary at the time the member actually makes a contribution for the service credit.
- (ii) A rate, determined by the actuary of the fund, based on the age of the member at the time the member actually makes a contribution for service credit and computed to result in a contribution amount that approximates the actuarial present value of the benefit attributable to the service credit purchased.
- (iii) The number of years of service credit the member intends to purchase.

(B) Contributions for any accrued interest, at a rate determined by the actuary for the fund, for the period from the member's initial membership in the fund to the date payment is made by the member.

(4) The member has received verification from the fund that the service in the 1925 police pension fund, the 1937 firefighters' pension fund, or the 1953 police pension fund is, as of that date, valid.

(b) At least:

- (1) before January 1, 2010, ten (10); or**
- (2) after December 31, 2009, eight (8);**

years of service in Indiana is required before a member may receive a benefit based on service credits purchased under this section.

(c) A member who:

- (1) terminates employment before satisfying the eligibility requirements necessary to receive a monthly allowance; or
- (2) receives a monthly allowance for the same service from another tax supported public employee retirement plan other than under the Social Security Act;

may withdraw the purchase amount plus accumulated interest after submitting a properly completed application for a refund to the fund.

(d) The following apply to the purchase of service credit under this section:

- (1) The board may allow a member to make periodic payments of the contributions required for the purchase of the service credit. The board shall determine the length of the period during which the payments must be made.

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1 (2) The board may deny an application for the purchase of service
 2 credit if the purchase would exceed the limitations under Section
 3 415 of the Internal Revenue Code.
 4 (3) A member may not claim the service credit for purposes of
 5 determining eligibility or computing benefits unless the member
 6 has made all payments required for the purchase of the service
 7 credit.
 8 SECTION 12. IC 5-10.3-7-4.8, AS ADDED BY P.L.148-2007,
 9 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 10 JULY 1, 2009]: Sec. 4.8. (a) As used in this section, "state
 11 quasi-governmental entity service" means service in Indiana that would
 12 be considered creditable service if performed by an employee of a
 13 member of the fund by an individual who:
 14 (1) provided the service as an employee of a body corporate and
 15 politic, nonprofit corporation established by the state, or other
 16 quasi-governmental entity that performed a state governmental
 17 function; and
 18 (2) was not a member of the fund under section 1 of this chapter
 19 during the period of employment.
 20 (b) A member may purchase state quasi-governmental entity service
 21 credit subject to the following:
 22 (1) The member must have at least one (1) year of credited
 23 service in the fund.
 24 (2) The member must have at least:
 25 (A) before January 1, 2010, ten (10); or
 26 (B) after December 31, 2009, eight (8);
 27 years of in-state credited service before the member may claim the
 28 service credit.
 29 (3) Before the member retires, the member must make
 30 contributions to the fund:
 31 (A) that are equal to the product of:
 32 (i) the member's salary at the time the member actually
 33 makes a contribution for the service credit;
 34 (ii) a percentage rate, as determined by the actuary of the
 35 fund, based on the age of the member at the time the
 36 member makes a contribution for service credit and
 37 computed to result in a contribution amount that
 38 approximates the actuarial present value of the benefit
 39 attributable to the service credit purchased; and
 40 (iii) the number of years of state quasi-governmental entity
 41 service the member intends to purchase; and
 42 (B) for any accrued interest, at a rate determined by the

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1 actuary of the fund, for the period from the member's initial
2 membership in the fund to the date payment is made by the
3 member.

4 (4) The member must provide verification of the service with the
5 state quasi-governmental entity in a manner prescribed by the
6 fund.

7 (c) State quasi-governmental entity service that qualifies a member
8 for retirement in a private retirement system or a federal retirement
9 system may not be granted under this section.

10 (d) A member who:

11 (1) terminates employment before satisfying the eligibility
12 requirements necessary to receive a monthly allowance; or

13 (2) receives a monthly allowance for the same service from
14 another tax supported public employee retirement plan other than
15 under the federal Social Security Act;

16 may withdraw the personal contributions made under the contributory
17 plan plus accumulated interest after submitting to the fund a properly
18 completed application for a refund.

19 (e) The following apply to the purchase of service credit under this
20 section:

21 (1) The board may allow a member to make periodic payments of
22 the contributions required for the purchase of the service credit.
23 The board shall determine the length of the period during which
24 the payments must be made.

25 (2) The board may deny an application for the purchase of service
26 credit if the purchase would exceed the limitations under Section
27 415 of the Internal Revenue Code.

28 (3) A member may not claim the service credit for purposes of
29 determining eligibility or computing benefits unless the member
30 has made all payments required for the purchase of the service
31 credit.

32 SECTION 13. IC 5-10.3-7-5 IS AMENDED TO READ AS
33 FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 5. (a) A member who:

34 (1) enters the United States armed services;

35 (2) leaves ~~his~~ **the member's** contributions in the fund;

36 (3) except as provided in subsection (c), resumes service with ~~his~~
37 **the member's** employer within one hundred twenty (120) days
38 after ~~his~~ **the member's** unconditional discharge; and

39 (4) would be entitled to service credit for military service under
40 the Uniformed Services Employment and Reemployment Rights
41 Act (38 U.S.C. 4301 et seq.) if the member had resumed service
42 with the member's employer within ninety (90) days after

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discharge;
 is entitled to service credit for the armed service.

(b) A state employee who left employment before January 1, 1946, or an employee of a political subdivision who left employment before the participation date, to enter the United States armed services is entitled to service credit for the armed service if ~~he~~ **the employee:**

- (1) except as provided in subsection (c), resumes service with the employer within one hundred twenty (120) days after ~~his~~ **the employee's** unconditional discharge; and
- (2) would be entitled to service credit for military service under the applicable requirements of federal law in effect at the time of reemployment if the employee had resumed service with the employee's employer within ninety (90) days after discharge.

(c) The board shall extend the one hundred twenty (120) day reemployment requirement contained in subsection (a)(3) or (b)(1) if the board determines that an illness, an injury, or a disability related to the member's military service prevented the member from resuming employment within one hundred twenty (120) days after the member's discharge from military service. However, the board may not extend the deadline beyond thirty (30) months after the member's discharge.

(d) If a member retires and the board subsequently determines that the member is entitled to additional service credit due to the extension of a deadline under subsection (c), the board shall recompute the member's benefit. However, the additional service credit may be used only in the computation of benefits to be paid after the date of the board's determination, and the member is not entitled to a recomputation of benefits received before the date of the board's determination.

(e) Notwithstanding any provision of this section, a member is entitled to service credit and benefits in the amount and to the extent required by the Uniformed Services Employment and Reemployment Rights Act (38 U.S.C. 4301 et seq.).

(f) Subject to the provisions of this section, an active member may purchase not more than two (2) years of service credit for the member's service on active duty in the armed services if the member meets the following conditions:

- (1) The member has at least one (1) year of credited service in the fund.
- (2) The member serves on active duty in the armed services of the United States for at least six (6) months.
- (3) The member receives an honorable discharge from the armed services.

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- 1 (4) Before the member retires, the member makes contributions
- 2 to the fund as follows:
- 3 (A) Contributions that are equal to the product of the
- 4 following:
- 5 (i) The member's salary at the time the member actually
- 6 makes a contribution for the service credit.
- 7 (ii) A rate, determined by the actuary of the fund, that is
- 8 based on the age of the member at the time the member
- 9 actually makes a contribution for service credit and
- 10 computed to result in a contribution amount that
- 11 approximates the actuarial present value of the benefit
- 12 attributable to the service credit purchased.
- 13 (iii) The number of years of service credit the member
- 14 intends to purchase.
- 15 (B) Contributions for any accrued interest, at a rate determined
- 16 by the actuary of the fund, for the period from the member's
- 17 initial membership in the fund to the date payment is made by
- 18 the member.

19 However, a member is entitled to purchase service credit under this
 20 subsection only to the extent that service credit is not granted for that
 21 time under another provision of this section. At least:

- 22 (1) before January 1, 2010, ten (10); or
- 23 (2) after December 31, 2009, eight (8);
- 24 years of service in Indiana is required before a member may receive a
- 25 benefit based on service credits purchased under this section. A
- 26 member who terminates employment before satisfying the eligibility
- 27 requirements necessary to receive a monthly allowance or receives a
- 28 monthly allowance for the same service from another tax supported
- 29 public employee retirement plan other than under the federal Social
- 30 Security Act may withdraw the purchase amount plus accumulated
- 31 interest after submitting a properly completed application for a refund
- 32 to the fund.

- 33 (g) The following apply to the purchase of service credit under
- 34 subsection (f):
- 35 (1) The board may allow a member to make periodic payments of
- 36 the contributions required for the purchase of the service credit.
- 37 The board shall determine the length of the period during which
- 38 the payments must be made.
- 39 (2) The board may deny an application for the purchase of service
- 40 credit if the purchase would exceed the limitations under Section
- 41 415 of the Internal Revenue Code.
- 42 (3) A member may not claim the service credit for purposes of

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1 determining eligibility or computing benefits unless the member
2 has made all payments required for the purchase of the service
3 credit.

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